
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see “Business — Our Growth Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$4,972.1 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, assuming no Over-allotment Option is exercised and an Offer Price of HK\$3.86 per Offer Share, being the midpoint of the indicative Offer Price range stated in this Prospectus.

In line with our strategies, we intend to use the net proceeds for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately 70%, or approximately HK\$3,480.4 million, of the net proceeds will be allocated over the next five years for research and development purposes, including ADAS and AD solution and technology pillars. We believe such investment allows us to expand our solutions portfolio by improving the existing ADAS and AD solutions and developing new AD solutions with advanced features to capitalize on the positive industry tailwind:
 - Approximately 20%, or approximately HK\$994.4 million, of the net proceeds will be allocated for the development and commercialization of new generation of AD solution, of which:
 - Approximately 10%, or approximately HK\$497.2 million, of the net proceeds will be allocated over the next five years to retain, expand and strengthen our R&D team. We plan to attract and retain R&D talents in the fields of, among others, perception algorithms, dynamic trajectory planning, motion control, software integration, simulation and testing, thereby continuously enhancing our R&D capabilities in AD solution; and
 - Approximately 10%, or approximately HK\$497.2 million, of the net proceeds will be allocated over the next five years to fund (i) procurements from third-party IT vendors for large-scale model iterations, and (ii) expenses for testing various functional modules at the vehicle level and for validation using generally accepted evaluation systems for AD solution.

We plan to continuously develop our AD solution to better meet the demands in all scenarios, including urban, highway, parking, human-vehicle interaction and co-driving scenarios and more. Our goal is to provide our customers with a safer, more efficient, and more comfortable driving experience.

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- Approximately 15%, or approximately HK\$745.8 million, of the net proceeds will be allocated to continuously utilize the latest technology to improve our existing ADAS and AD solutions, of which:
 - Approximately 5%, or approximately HK\$248.6 million, of the net proceeds will be allocated over the next five years to adapt to a wider range of peripheral hardware then available in the market to enhance the performance of our solutions. For instance, we plan to enhance the perception capabilities of Horizon Mono by integrating higher resolution cameras, thereby achieving longer detection distance and better identification of obstacles. We also intend to enhance the perception capabilities of Horizon Pilot by integrating LiDAR with processing hardware to enable urban NOA and other functions;
 - Approximately 5%, or approximately HK\$248.6 million, of the net proceeds will be allocated over the next five years to fund development, adaption and validation initiatives necessary to continuously optimize the cost structure of our ADAS and AD solution offerings. Our goal is to deliver higher value to our customers. For instance, we intend to focus on initiatives that enable us to achieve better compatibility with various vehicle models, higher energy efficiency to accommodate different operating conditions, and enhanced module integration and peripheral device diversification to optimize costs at system level; and
 - Approximately 5%, or approximately HK\$248.6 million, of the net proceeds will be allocated over the next five years to meet additional safety regulatory requirements to enter into overseas markets and to achieve safety qualifications such as Euro-NCAP and C-NCAP.

- Approximately 20%, or approximately HK\$994.4 million, of the net proceeds will be allocated for the development of our next generation processing hardware, of which:
 - Approximately 15%, or approximately HK\$745.8 million, of the net proceeds will be allocated over the next five years to achieve superior performance and efficiency on the next-generation processing hardware. In particular, we plan to allocate (i) approximately 6%, or approximately HK\$298.3 million, of the net proceeds to retain, expand and strengthen our R&D team to attract and retain top talents in hardware design, (ii) approximately 6.75%, or approximately HK\$335.6 million, of the net proceeds to fund procurement of essential intellectual properties required in hardware design process, and (iii) approximately 2.25%, or approximately HK\$111.9 million, of the net proceeds to fund the expenses incurred by third parties during hardware manufacturing and testing process; and

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- Approximately 5%, or approximately HK\$248.6 million, of the net proceeds will be allocated over the next five years to cover testing and validation expenses necessary to continuously build a platform-based processing hardware portfolio that supports various solutions ranging from ADAS to AD, thereby reducing customer development costs, and meet comprehensive safety requirement.
- Approximately 15%, or approximately HK\$745.8 million, of the net proceeds will be allocated for the development and upgrades of our technology pillars, including algorithms, BPU, OpenExplorer, TogetheROS, and AIDI, to build a highly open, flexible and compatible platform, further enriching our ecosystem, of which:
 - Approximately 12%, or approximately HK\$596.6 million, of the net proceeds will be allocated over the next five years to retain, expand and strengthen our R&D team. We plan to attract and retain R&D talents in the fields of, among others, algorithms, compilers, toolchains and middleware to further strengthen our R&D capabilities; and
 - Approximately 3%, or approximately HK\$149.2 million, of the net proceeds will be allocated over the next five years to acquire necessary intellectual properties and other intangible assets. We intend to fund the procurement of essential intellectual properties and intangible assets such as software development kits for algorithm development, data visualization, data analysis, numerical computation and programming language tailored for enterprise-level application development.

With respect to R&D talents to be hired, we expect to recruit (i) approximately 10 experienced R&D talents each year with over 10 years of work experience, holding advanced degrees from prestigious domestic and international institutions who are supposed to be distinguished technical experts or management professionals; and (ii) approximately 200 new hires, the vast majority of whom shall hold master's degree or above in the areas of algorithms, software and/or hardware from prestigious domestic or international institutions.

- Approximately 10%, or approximately HK\$497.2 million, of the net proceeds will be allocated over the next five years for sales and marketing related expenses, of which:
 - Approximately 4%, or approximately HK\$198.9 million, of the net proceeds will be allocated over the next five years to support the expansion of our overseas clients. We plan to (i) establish a sales and customer service team with global vision and overseas experience and (ii) fund targeted initiatives for overseas customer engagement, such as, among others, setting up overseas offices, conducting customer visits, exploring global partnership opportunities and organizing localized marketing events;

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- o Approximately 3%, or approximately HK\$149.2 million, of the net proceeds will be allocated over the next five years to strengthen our marketing activities in China, including advertising, market promotion, and brand building. We plan to use the proceeds to fund industry exhibitions, product launch events, test-driving activities, marketing research or survey projects and other marketing related activities; and
- o Approximately 3%, or approximately HK\$149.2 million, of the net proceeds will be allocated over the next five years to improve our sales and customer service processes to enhance customer satisfaction and loyalty. We plan to direct the proceeds towards providing resources required by our sales team in order to provide better coverage for and deepen our collaborations with key customers.

We do not expect the number of sales and marketing staffs to increase significantly. With respect to sales and marketing staffs to be hired, we would focus on recruiting talents with global vision and overseas experience. We believe such investments in sales and marketing will allow us to win additional mass production contracts with existing and new customers.

- Approximately 10%, or approximately HK\$497.2 million, of the net proceeds will be allocated over the next five years for future strategic investment into our joint ventures, particularly CARIZON, thus broadening and strengthening our technology capabilities. We plan to fund a portion of our capital commitments in our joint ventures with net proceeds from the Global Offering. We are of the view that such investment can enable us to access to global OEM orders through our joint venture partners, share the costs and risks associated with developing new technologies, facilitate faster innovation and development of advanced features and accelerate our learning curve for developing, implementing new technologies by learning from our joint venture partners' know-hows and best practices and gain deeper insights into operations of OEMs, which would enable us to better serve global partners; and
- Approximately 10%, or approximately HK\$497.2 million, will be allocated for general corporate purposes and working capital needs.

If the Offer Price is set at HK\$3.99 per Offer Share, being the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK\$170.0 million. If the Offer Price is set at HK\$3.73 per Offer Share, being the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK\$170.0 million. Offer Price may be fixed at a higher or lower level compared to the midpoint of the indicative Offer Price range stated in this Prospectus.

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If the Over-allotment Option is exercised in full, the net proceeds that we will receive will be approximately HK\$5,729.1 million, assuming an Offer Price of HK\$3.86 per Offer Share (being the midpoint of the indicative Offer Price range). In the event that the Over-allotment Option is exercised in full, we intend to apply the additional net proceeds to the aforementioned purposes in the proportions stated above.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash available on hands, bank loans and other borrowings.

If the net proceeds of the Global Offering are not immediately used for the purposes described above, to the extent permitted by the relevant laws and regulations, we will only deposit the net proceeds into short-term interest bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions, as long as it is deemed to be in the best interests of the Company. We will comply with all disclosure requirements under the Listing Rules if there is any change to the above proposed use of proceeds.